

IN THE SECOND CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE  
TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

STATE OF TENNESSEE,  
*ex rel.* ROBERT E. COOPER, JR.,  
ATTORNEY GENERAL and REPORTER,

Plaintiff,

v.

HRC MEDICAL CENTERS, INC., a Tennessee  
corporation, *formerly known as* HAIR  
RESTORATION CENTERS OF TENNESSEE,  
INC., et al.

Defendants.

JURY DEMAND

Case No. 12C4047

FILED  
2013 JUL 18 PM 3:00  
NASHVILLE, TENNESSEE  
*[Signature]*

AGREED FINAL JUDGMENT  
AND PERMANENT INJUNCTION REGARDING  
BIOLIFECYCLE MEDICAL CENTERS, LLC, AND  
LEGACY MEDICAL CENTERS, LLC

1. Plaintiff, the State of Tennessee, by and through Robert E. Cooper, Jr., the Attorney General and Reporter, at the request of Gary Cordell, the Director of the Division of Consumer Affairs of the Department of Commerce and Insurance, John C. McLemore in his capacity as *Pendente Lite* Receiver for Defendant HRC Medical Centers, Inc., HRC Management Midwest, LLC, HRC Medical Centers Holdings, LLC, HRC Management, LLC, and the Cardinal Revocable Trust, and Defendants BioLifeCycle Medical Centers, LLC, and Legacy Medical Centers, LLC, Ron Howell, and David Thomas, as evidenced by their

signatures, do consent to the entry of this Agreed Final Judgment (“Judgment”) and its provisions.

2. For purposes of this Judgment, Defendant BioLifeCycle shall mean BioLifeCycle Medical Centers, LLC, Legacy Medical Centers, LLC, its members, officers, owners, directors (if applicable), employees, agents, and representatives.

3. Defendant BioLifeCycle enters into this agreement solely to avoid the expense and uncertainty with continued litigation and does not admit any wrongdoing or liability.

4. Defendant BioLifeCycle hereby accepts and expressly waives any defect in connection with service of process issued to Defendant BioLifeCycle by the Plaintiff.

5. This Judgment is entered into voluntarily by Defendant BioLifeCycle as its own free and voluntary act, and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed upon Defendant and its principals by this Judgment, consent to its entry without further notice.

6. Defendant BioLifeCycle avers that no offers, agreements or inducements of any nature whatsoever have been made to it by the Plaintiff or their attorneys or any employee of the Tennessee Attorney General’s Office or the Division of Consumer Affairs to procure this Judgment or to the Receiver or his agents or representatives.

7. Aside from any action stemming from compliance with this Judgment, Defendant BioLifeCycle waives any right to add, alter, amend, appeal, petition for *certiorari*, or move to reargue or rehear or be heard in connection with any judicial proceeding upon this Judgment, any right it may possess to a jury trial, and any and all challenges in law or equity to the entry of the

Judgment by the courts. If the Court elects to hold any hearing on this Judgment, a representative of the Attorney General's office will briefly summarize the settlement for the court. Defendant BioLifeCycle through counsel agrees to support the Judgment and its terms at any such hearing for approval. Defendant BioLifeCycle and Ron Howell and David Thomas expressly waive any argument that the injunction is deficient because it does not contain findings of fact and conclusions of law.

8. In the event the Court shall not approve this Judgment, this Proposed Judgment shall be of no force and effect against the signatories.

9. As set forth below, this Judgment shall bind Defendant BioLifeCycle and Ron Howell and David Thomas and shall be binding on any and all future purchasers, merged parties, inheritors, or other successors in interest.

### **JURISDICTION**

10. Jurisdiction of this Court over the subject matter and over Defendant BioLifeCycle and Ron Howell and David Thomas for the purpose of entering into and enforcing this Judgment is admitted. Jurisdiction is retained by this Court for the purpose of enabling the State to apply for such further orders and directions as may be necessary or appropriate for the construction, modification, or execution of this Judgment, including enforcement of compliance therewith and assessment of penalties for violation(s) thereof. Defendant BioLifeCycle and Ron Howell and David Thomas agree to pay all court costs and reasonable attorneys' fees and any costs associated with any successful petitions to enforce any provision of this Judgment against Defendant BioLifeCycle, Ron Howell, or David Thomas.

## VENUE

11. Pursuant to Tenn. Code Ann. § 47-18-108(a)(3), venue as to all matters between the signatories relating hereto or arising out of this Judgment is solely in the Second Circuit Court, Davidson County, Tennessee.

## DEFENDANT BIOLIFECYCLE

12. Defendant BioLifeCycle warrants and represents that Defendant BioLifeCycle Medical Centers, LLC, and Legacy Medical Centers, LLC are proper parties to this Judgment.

13. Defendant BioLifeCycle represents that Defendant BioLifeCycle Medical Centers, LLC, and Legacy Medical Centers, LLC, are the true legal names of the entities entering into this Judgment.

14. Defendant BioLifeCycle, Ron Howell, and David Thomas represent and warrant that this Judgment is the result of good faith negotiations, and agrees that the Judgment and terms hereof are fair and reasonable.

15. Defendant BioLifeCycle represents and warrants that signatories to this Judgment have authority to act for and bind Defendant BioLifeCycle.

16. Defendant BioLifeCycle, Ron Howell, and David Thomas represent and warrant that they, or anyone acting on their behalf, have not sold or distributed any information from the electronic records system ("ERS"), owned by HRC Medical Centers, Inc. and used by Defendant BioLifeCycle, to any third party from the date of filing the State's Amended Complaint through the date of entry of this Judgment.

17. Defendant BioLifeCycle and Ron Howell and David Thomas, represent and warrant they will cooperate with the State and the Receiver in the continuing litigation, and afterwards in the event that restitution is provided to consumers. Specifically, Defendant

BioLifeCycle and Ron Howell and David Thomas, agree to provide documents, truthful and accurate testimony, and reasonable assistance relating to the transfers or obligations identified in the State's pleadings concerning the remaining Defendants or any subsequently added defendant if called upon by the State or the Receiver to do so at no cost to the State. To the extent testimony, through depositions or interviews, is necessary, the testimony shall be taken in the state of residence of the individual from whom the information is sought.

18. Defendant BioLifeCycle and Ron Howell and David Thomas acknowledge that they understand that the State of Tennessee and this Court expressly rely upon all representations and warranties in this Judgment, including, but not limited to, those in paragraphs 12-17 above and elsewhere in this Judgment, and that if any one or more is false or inaccurate in any manner, the State has the right to vacate or set aside this Judgment, *inter alia*, in whole or in part, and to move that Defendant BioLifeCycle and Ron Howell or David Thomas be held in contempt or that sanctions and remedies be imposed under other law, regulation, or rule.

**APPLICATION OF JUDGMENT TO DEFENDANT BIOLIFECYCLE, RON  
HOWELL, DAVID THOMAS, AND OTHERS**

19. Defendant BioLifeCycle and Ron Howell and David Thomas, individually and collectively, agree that the duties, responsibilities, burdens and obligations undertaken in connection with this Judgment shall apply to each of them. Aside from the release contained in this Judgment, this Judgment does not affect, impact, restrict or otherwise limit in any way the State's pending action relating to any remaining Defendants in the State's action.

**PERMANENT HORMONE BUSINESS BAN IN TENNESSEE**

20. Defendant BioLifeCycle and Ron Howell and David Thomas agree individually and collectively, to never conduct or transact the business of providing hormone replacement

therapy, directly or indirectly from or within the State of Tennessee again. For purposes of this provision, “conduct or transact business of providing hormone replacement therapy” shall mean offering, advertising, or providing any biologically-identical, synthetic, or derivative of any hormone found in humans or otherwise, including but not limited to estrogen, progesterone, testosterone, dehydroepiandrosterone, or human chorionic gonadotropin from or within the territorial borders of the State of Tennessee. As part of this provision, Defendant BioLifeCycle and Ron Howell and David Thomas agree not to sell, distribute, or otherwise use any documents or information containing contact or patient information for “bio-identical” hormone replacement therapy customers at the Knoxville or any other clinic in Tennessee for any purpose except to comply with a court order, pursuant to subpoena, or as requested by a governmental unit. Further, Defendant BioLifeCycle and Ron Howell and David Thomas agree not to sell or take steps to sell any “bio-identical” hormone replacement therapy consumer accounts receivable or related contracts or agreements for the Knoxville clinic or any other clinic in Tennessee to a third party, including a collection agency. For purposes of enforcement of this provision, the State will provide Defendant BioLifeCycle or Ron Howell or David Thomas ten days advanced notice of any contemplated enforcement action based on this provision unless the Director of the Division of Consumer Affairs, at his or her sole discretion following consultation with the Tennessee Attorney General, determines that the health and/or safety of consumers would be adversely affected by a delay in proceedings.

#### **MONETARY COMPONENT**

21. Within thirty days of entry of this Judgment, Defendant BioLifeCycle shall issue a check to the receivership estate of HRC Medical Centers, Inc. in the amount of \$125,000.

22. Apart from this, the HRC Medical Centers, Inc. receivership estate shall retain full right and ownership of the remaining cash-available balance contained in Defendant BioLifeCycle's bank accounts at the time of the TRO with Asset Freezes and Order Appointing *Pendente Lite* Receiver.

23. Defendant BioLifeCycle shall be responsible for resolving any expenses, including, but not limited to, back-rent and back-pay that have accrued since the Receiver took control of Defendant BioLifeCycle that have not been previously paid by the Receiver.

24. Defendant BioLifeCycle shall be responsible for any obligations incurred since the issuance of the TRO with Asset Freezes and Order Appointing *Pendente Lite* Receiver.

25. The monies received hereunder shall be applied to HRC Medical Centers, Inc. receivership estate and distributed as directed by orders of the Court.

#### **RELEASES**

26. Upon the receipt of full payment of the monetary component set forth in paragraph 21, the State of Tennessee *ex rel.* Robert E. Cooper, Jr. through the Division of Consumer Affairs agrees to release Defendant BioLifeCycle and Ron Howell and David Thomas from any and all causes of action set forth in the State's First Amended Complaint or causes of action, including under the Tennessee Consumer Protection Act of 1977 as amended, the Uniform Fraudulent Transfer Act, and fraudulent conveyance, that could have been asserted in the First Amended Complaint based on the marketing of "bio-identical" hormone replacement therapy or based on assets transferred or obligations incurred by Defendant BioLifeCycle prior to the entry of this Judgment. Specifically withheld from the State's release are claims, to the extent that they exist, that the State of Tennessee through the Division of Consumer Affairs does

not have the authority to release, including but not limited to any tax claims, private rights of action, professional licensure claims, environmental claims, or criminal claims.

27. Upon the receipt of full payment of the monetary component set forth in paragraph 21, the Receiver, on behalf of the receivership estates of Defendant HRC Medical Centers, Inc., Defendant HRC Management Midwest, LLC, Defendant HRC Management, LLC, Defendant HRC Medical Centers Holdings, LLC, and the Cardinal Revocable Trust, agrees to release Defendant BioLifeCycle and Ron Howell and David Thomas from any and all causes of action that it may possess based on conduct that occurred prior to entry of this Judgment.

28. Defendant BioLifeCycle and Ron Howell and David Thomas shall release any and all claims, counterclaims, or causes of action that it or he could have asserted against the State of Tennessee, any entity or employee of the State of Tennessee, or the Receiver in this action.

#### **PROVISION OF ERS DATA AND PROPERTY**

29. Upon the receipt of full payment set forth in paragraph 21, the Receiver shall provide full access to the data contained on the ERS and CEO Express for Defendant BioLifeCycle's non-Tennessee clinic locations, which are Baltimore, Charlotte, Detroit, Grand Rapids, Greensboro, Greenville, Lexington, and Raleigh. In between the time of entry of this Order and payment, the Receiver shall provide Defendant BioLifeCycle with read-only access to the Defendant BioLifeCycle's non-Tennessee clinic location data contained on the ERS. Upon receipt of full payment and after six weeks have passed from the July 3, 2013 entry of the settlement with Defendant Midwest Restorative Health, LLC, the Receiver, at the request of Defendant BioLifeCycle will return the server.



30. Upon the signing of this Agreement, the Receiver shall return all books, records (whether computer, electronic or hard copies), Quickbooks, e-mail documents or any other materials of whatever type of BioLifeCycle that were taken initially by the Receiver. Further, upon entering this agreement, the Receiver shall release control of BioLifeCycle's E-Pay/E-Processing System and merchant account system and otherwise return it to BioLife Cycle.

31. Upon the signing of the Agreement, the Receiver shall transfer all interest that he possesses in all of the Defendant BioLifeCycle's facilities to Defendant BioLifeCycle. With regard to the Baltimore, Maryland, clinic (located at 808 Landmark Drive, Suite 116, Glen Burnie, MD), the Receiver hereby conveys to Defendant BioLifeCycle only the extent of the ownership interest that was previously conveyed to the Receiver by virtue of the April 26, 2013, temporary restraining order and order appointing the pendente lite receiver over Defendant BioLifeCycle and the temporary injunction and receivership order dated May 24, 2013.

### **GENERAL PROVISIONS**

32. The acceptance of this Judgment by the State shall not be deemed approval by the State of any of Defendant BioLifeCycle's advertising or business practices. Further, neither Defendant BioLifeCycle and Ron Howell and David Thomas nor anyone acting on their behalf shall state or imply or cause to be stated or implied that the State of Tennessee, the Attorney General, the Department of Commerce and Insurance, the Division of Consumer Affairs or any other governmental unit of the State of Tennessee has approved, sanctioned or authorized any practice, act, advertisement or conduct of Defendant BioLifeCycle and Ron Howell or David Thomas.

33. Except as otherwise provided under law, this Judgment may only be enforced by its signatories and this Court.

34. The titles and headers to each section of this Judgment are for convenience purposes only and are not intended by the signatories to lend meaning to the actual provisions of the Judgment.

35. Nothing in this Judgment shall limit the Attorney General's right to obtain information, documents or testimony from Defendant BioLifeCycle and Ron Howell or David Thomas pursuant to any state or federal law, regulation or rule.

36. Nothing in this Judgment shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State of Tennessee. In addition, this Judgment shall not bar the State, or any other governmental entity from enforcing laws, regulations or rules against Defendant BioLifeCycle and Ron Howell or David Thomas.

37. Nothing in this Judgment constitutes an agreement by the State of Tennessee concerning the characterization of the amounts paid hereunder for purposes of any proceeding under the Internal Revenue Code or any state tax laws.

38. Defendant BioLifeCycle and Ron Howell or David Thomas hereby expressly waives and relinquishes any and all rights, remedies, appeals or other interests that he/it may possess to a jury trial or any derivative rights that might flow from a trial by jury under the Tennessee Constitution or United States Constitution or any other law, regulation or rule.

39. No waiver, modification, or amendment of the terms of this Judgment shall be valid or binding unless made in writing, signed by the signatory to be charged, approved by this Court and then only to the extent specifically set forth in such written waiver, modification or amendment.

40. Any failure by any signatory to this Judgment to insist upon the strict performance by any other signatory of any of the provisions of this Judgment shall not be deemed a waiver of any of the provisions of this Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Judgment and the imposition of any applicable penalties, including but not limited to contempt, civil penalties as set forth in Tenn. Code Ann. § 47-18-108(c) and/or the payment of attorneys fees to the State and other applicable state law.

41. If any clause, provision or section of this Judgment shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Judgment and this Judgment shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

42. Time shall be of the essence with respect to each provision of this Judgment that requires action to be taken by any signatory within a stated time period or upon a specified date.

43. Nothing in this Judgment shall be construed to waive any claims of Sovereign Immunity the State may have in any action or proceeding.

44. This Judgment sets forth the entire agreement between the signatories, and there are no representations, agreements, arrangements, or understanding, oral or written, between the signatories relating to the subject matter of this Judgment which are not fully expressed hereto or attached hereto.

45. Defendant BioLifeCycle and Ron Howell or David Thomas will not participate, directly or indirectly, in any activity that results in a separate entity or corporation engaging in

acts or practices in whole or in part in the State of Tennessee which are prohibited in this Judgment or for any other purpose which would otherwise circumvent any part of this Judgment or the spirit or purposes of this Judgment.

46. Defendant BioLifeCycle and Ron Howell or David Thomas agree that this Judgment does not entitle Defendant BioLifeCycle and Ron Howell or David Thomas to seek or to obtain attorneys' fees as a prevailing party under any statute, regulation or rule, and Defendant BioLifeCycle and Ron Howell and David Thomas further waive any right to attorneys' fees that may arise under such statute, regulation or rule.

47. Defendant BioLifeCycle and Ron Howell and David Thomas further agree to execute and deliver all authorizations, documents and instruments which are necessary to carry out the terms and conditions of this Judgment.

48. This Judgment may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this Judgment may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof.

49. Defendant BioLifeCycle does not admit that the facts as alleged in the First Amended Complaint filed in this action are true but understands that for purposes of this document only that they shall be taken as true in a non-dischargeability action filed by the State in any bankruptcy proceeding initiated within 120 days of the entry of this Judgment.

#### **COMPLIANCE WITH ALL LAWS**

50. Nothing in this Judgment shall be construed as relieving Defendant BioLifeCycle and Ron Howell or David Thomas of the obligation to comply with all state and federal laws,

regulations or rules, nor shall any of the provisions of this Judgment be deemed to be permission to engage in any acts or practices prohibited by such law, regulation, or rule.

**PRIVATE RIGHT OF ACTION**


51. Aside from a set-off as to actual monies received, nothing in this Judgment shall be construed to affect any private right of action that a consumer, person, entity, or by any local, state, federal or other governmental entity, may hold against Defendant BioLifeCycle.

**PAYMENT OF COURT COSTS**

52. No costs shall be taxed to the State as provided by Tenn. Code Ann. Section 47-18-116. Further, no discretionary costs shall be taxed to the State. All assessment of court costs shall be determined at the conclusion of the case to the Defendants who are parties at that time.


**IT IS SO ADJUDGED AND DECREED.**

Entered: July 18<sup>th</sup>, 2013 at 2:59pm.

  
JUDGE AMANDA McCLEENDON  
SECOND CIRCUIT COURT  
DAVIDSON COUNTY  
TWENTIETH JUDICIAL DISTRICT

**JOINTLY APPROVED AND  
SUBMITTED FOR ENTRY:**

**FOR THE TENNESSEE ATTORNEY GENERAL:**

  
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Attorney General and Reporter  
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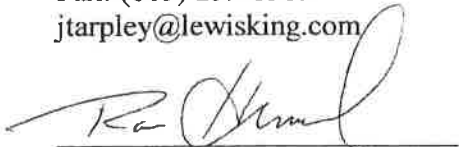
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**RON HOWELL, in his individual capacity and on behalf of Defendant BioLifeCycle**



**DAVID THOMAS, in his individual capacity and on behalf of Defendant BioLifeCycle**